Media policy briefing August 2024



An independent and democratic media is vital to a healthy democracy: holding the powerful to account, representing all parts of our society, and providing a trusted space for public discussion and creative expression. Yet across our newspapers, broadcasters, local media and online platforms, the UK's media is failing to fulfil these essential purposes.

Over the course of this parliament, MPs have an opportunity to end the decades of broken and ineffective media policies that have consistently put private gain over the public good.

This briefing highlights forthcoming media policy debates that will require detailed parliamentary scrutiny to uphold the public interest, as well as new ideas for progressive reform to reclaim media's place at the heart of our democracy.

The BBC Royal Charter review

The government is required to review and renew the BBC's Royal Charter by the end of 2027. This process has typically involved a Green Paper public consultation and White Paper policy statement laid before parliament, yet government retains exclusive authority to decide the final Royal Charter settlement.

- The Charter review process must be open, accountable and properly democratic, with the public and parliament given a formal role in deciding the BBC's future. During the last Charter review in 2015-16, DCMS openly ignored over 190,000 public responses to its consultation, and instead based its reforms on private negotiations, commercial lobbying and partial external reports.
- Parliament should abolish the government's power over appointments to the BBC Board, and establish a genuinely democratic role for the public and parliament in BBC governance. Political appointees and government interference have weakened the BBC's independence, and undermined public trust in the BBC as an impartial and representative public institution.
- Cuts, funding freezes and government 'top-slicing' have reduced the BBC's public funding by 25% in real terms since 2010.¹ Alternative commercial funding models like advertising or subscription would destroy the BBC's essential universality, harm revenues in the wider broadcasting sector, and not provide stable funding.² The TV licence fee should be replaced with a modern, fairer and independent funding mechanism.
- Ofcom's regulation of the BBC should be refocussed on ensuring the BBC serves audiences with universal public service content across all audiovisual formats. The current regulatory framework places too much priority on limiting the BBC's 'market impact' while doing nothing to prevent or even monitor the BBC's reduction in vital public services like local radio.

The Media Act 2024 and broadcasting regulation

The Media Act 2024, passed just before the general election, updated many of Ofcom's regulatory responsibilities to account for widespread changes in the broadcasting landscape. However, the Act also significantly narrowed the legislative definition of public service broadcasting (PSB), and abolished Channel 4's 'publisher-broadcaster' status – enabling the publicly-owned company to make in-house content for the first time in its history. Implementing the changes in the Media Act will require constant scrutiny to protect audience interests and the sustainability of public service content.

- Parliament needs to hold Ofcom to account in monitoring the falling provision of vital public service genres. Commercial PSB investment in children's content has fallen by 95% since 2003, when children's programming quotas were removed.³ The Media Act 2024 has now removed the requirements on ITV, Channel 4 and Channel 5 to provide programming in education, arts, science and religion. If the same decline is allowed to happen across these additional genres, audiences will lose access to even more socially and culturally significant UK-made content.
- New, highly politicised broadcasters have exposed the serious weaknesses in Ofcom's regulation of broadcasting standards. Ofcom has been far too lax in sanctioning continued breaches of rules on impartiality, balance

and harm to audiences.⁴ Parliament needs to modernise the definition and application of impartiality, and ensure Ofcom upholds the Broadcasting Code in line with its legal duties.

- New changes to Channel 4's production model pose a serious risk to the sustainability of smaller UK independent production companies. The share of Channel 4's commissioning spend going to 'indies' with turnovers £25m or lower fell to just 22% in 2022 despite these companies making up 52% of the UK sector.⁵ If Channel 4 starts making its own programmes following the Media Act reforms, smaller producers face a significant loss in commissioning opportunities.⁶ Parliament should work to preserve Channel 4's founding mission to support SME production companies.
- Parliament needs to protect audiences who are worst affected by the 'digital divide'. Changes in the Media Act allow PSBs to provide public service content via online platforms, yet many people in the UK especially poorer, older and geographically isolated audiences still depend on live TV or lack online connectivity. If PSBs start 'burying' less commercially viable public service programming in their online catalogues, these audiences will lose access to this content.

Plurality, diversity and media mergers

The UK is facing a severe crisis in concentrated media ownership. Just three companies – DMG Media, News UK and Reach – control 90% of national newspaper circulation, and these same publishers account for more than two-fifths of the online reach of UK news websites. Ofcom's light-touch approach has allowed control of our media to fall into fewer and fewer hands, with dangerous consequences for news plurality, viewpoint diversity and political representation.

- Parliament should introduce clear legislative thresholds for triggering interventions to preserve media plurality. The Enterprise Act 2002 allows government to intervene in media mergers on public interest grounds, but not in response to consolidations in media markets that occur dynamically outside of merger situations.
- Empower Ofcom to impose public interest obligations on media organisations that control significant shares of a media market. A mechanism for requiring public service obligations, pluralistic ownership structures and divestment of assets would allow for a progressive scale of remedies to mitigate the negative impacts of concentrated ownership across news, tech platforms and other media markets.
- Ofcom's monitoring of media plurality needs to be modernised to accurately assess the impact of online intermediaries like Facebook, Google and X. The current criteria used to assess news consumption do not account for the pivotal role of tech platforms, in particular how these can amplify the reach and market share of dominant 'traditional' news outlets, and thus worsen cross-market media concentration.

Press self-regulation and Leveson 'Part Two'

The press regulator IPSO – owned and operated by the major publishers – is demonstrably incapable of holding the corporate press to account. Since its creation it has permitted its member newspapers to publish inaccurate stories, discriminate against minority communities and harass members of the public with impunity. The lack of effective, independent self-regulation has been profoundly damaging to our democracy: the British media is the least trusted out of 28 major countries, and the British public distrusts journalists more than almost any other profession.

- The second part of the Leveson Inquiry must be reinstated. These investigations into the widespread criminality and corruption at Rupert Murdoch's News International are essential to deliver justice to the victims of phone hacking, and to show that the press is not above the law.
- Parliament should create new incentives for large publishers to join an independent and effective self-regulator. For example, legislating for a public right of reply, applied to publishers that are not members of a Leveson-compliant regulator, would enhance press accountability. Supporting membership of an independent regulator with a robust arbitration procedure would also provide greater access to justice for members of the public affected by press malpractice.

The decline of the UK's local media

Local media in the UK has collapsed after decades of corporate consolidation and takeovers, causing thousands of job cuts and the closure of hundreds of newspapers, radio stations and local TV networks. Approximately 4.7 million people -7%

of the population – live in news 'deserts', areas without a single dedicated local news outlet.¹¹ The 'hands off' market-based model has completely failed to sustain a local media that is made for and made in our communities.

- Parliament should explore creating mechanisms to empower community buy-outs of local media. Financial and regulatory supports would help communities preserve titles at risk of closure or corporate consolidation, while new legal structures for recognising local public interest outlets, similar to charitable status, would provide valuable tax benefits.
- The local TV and community radio models need to be reviewed and radically reformed to preserve public purpose community broadcasting. Years of deregulation and cuts to public grants have allowed commercial operators to stop airing locally made content, while removing support for independent community-owned services.

Regulating Big Tech

The online platforms and new digital technologies at the centre of our modern lives operate by opaque algorithms, unaccountable technological biases and an unrestrained commercialisation of user data. These have all helped to amplify disinformation, political polarisation and collapsing revenues for 'traditional' media. Regulating the global Big Tech companies that control these platforms is essential to ensure they work in the public interest.

- Parliament should introduce a 2% levy on Big Tech revenues to fund independent public interest media. Tech companies with dominant market shares in advertising, online search and social media make exorbitant profits from publishing UK news content, but very little of it is returned to the outlets and journalists that create this news.
- The new Digital Markets Unit needs to support small and independent news publishers, ensuring they can trade with Big Tech companies on fair, reasonable and non-discriminatory terms. The DMU should make sure that compensation for publishers reflects the significant value of local and independent news to platform users.¹²
- The largest Big Tech platforms should be subject to public service obligations. These should include requirements to promote a plurality of viewpoints, to provide prominence for public media content and public interest news, and to report transparently on the form and function of their content algorithms.

About the Media Reform Coalition

The Media Reform Coalition is an independent research and advocacy group, funded by the Joseph Rowntree Charitable Trust. We campaign for media accountability, plurality and diversity, independent public interest journalism and democratic public service media.

Our members include world-leading academics in media and communications policy, journalists, media workers, campaigners and partners from across civil society. Since 2011 the Media Reform Coalition has been at the forefront of the media reform movement in the United Kingdom. We played a leading role in the Leveson Inquiry and our BBC & Beyond project, about reimagining public media for the 21st Century, spoke to over 30,000 people across the UK.

We produce expert evidence and original research for numerous public and parliamentary inquiries,¹³ and recently campaigned successfully to protect citizens' interests through amendments to the Media Act.

¹ MRC calculations, December 2023.

² Submission to DCMS BBC Funding Model review.

³ MRC analysis, PSB spend on children's content 2004-2018

⁴ <u>Submission to House of Lords Communications Committee</u> Future of News Inquiry.

⁵ MRC analysis, Channel 4 commissioning spend

⁶ EY 'Channel 4's contribution to the UK', April 2021

⁷ <u>House of Lords Communications Committee 'Digital Exclusion' report</u>, June 2023.

⁸ MRC 'Who Owns The UK Media?' 2023 report

⁹ Press Recognition Panel review of IPSO, January 2024

¹⁰ <u>2024 Edelman Trust Barometer Global Report</u>, pg. 43; <u>Ipsos Veracity Index</u>, December 2023.

¹¹ PINF UK Local News Report 2024, pg. 17.

¹² Joint statement on Principles for Fair Compensation', July 2023

¹³ See MRC consultation submissions archive